

✓
(C O P Y)

INVESTIGATION AND REPORT
of the Affairs of the
MARITIME TELEPHONE AND TELEGRAPH COMPANY, LIMITED

With particular Reference to the Rates
and charges for Service in the

HALIFAX EXCHANGE AREA

OCTOBER 1931

Oliver Building,
141 Milk Street,
Boston, Mass.,
October 26th, 1931.

Samuel H. Mildram,
Consulting Engineer,
Public Utility Consultant, etc.

Russell McInnes, Esq.,
Chairman, Public Utilities Committee,
City of Halifax, Nova Scotia.

Dear Sir:

In accordance with the instructions of your honorable Committee, I have made a preliminary investigation of the affairs of the Maritime Telephone and Telegraph Company, Limited, with a view of ascertaining whether the Schedule of Rates and Charges now in effect in the City of Halifax is fair and reasonable; and, more particularly, my opinion as to whether or not the Measured Service rates applicable to business houses there should be changed over to a Flat Rate type of rate. I beg to transmit the results of my study herewith:-

In arriving at a decision as to whether any existing schedule of rates is "fair and reasonable", it is necessary to ascertain whether the Net Revenues being received under such rates are in excess of what they should be to yield a "fair return" upon the "fair value" of the property actually "used and useful" in rendering the service; having in mind, of course, that the schedule should not entail any undue discrimination in the rates charged to the various classes of users.

In considering the Net Revenue available for the "fair return", it is necessary to investigate the reasonableness of the "Rate Base"; to examine the "Operating Expenses" in detail; and to ascertain if the amount set aside from earnings for "Depreciation" purposes is a proper one.

The questions submitted to me by your Committee, of course, relate specifically to the rates being charged to subscribers in the City of Halifax; but it should be borne in mind that the "fair return" applies to the Company as a whole, so that the problem resolves itself into:-

(1) as to whether the revenues obtained from the Halifax Exchange area are greater than they should be to produce its fair proportion of the total "fair return" to which the Company is legally entitled; and (2) as to whether, under the existing schedule of rates, there appears to be any undue discrimination in the charges as between the various classes of users.

With the foregoing in mind, I visited Halifax and spent several days with the officials of the Company, obtaining such information and data as were available, and arranging to have certain other necessary data compiled and forwarded to my Boston office.

I may say that in arriving at the conclusions set forth in this report, I have confined myself mainly to the operations of the Company during the last three years, and more especially to those of the year 1930.

In arriving at my conclusions, I shall discuss the problem under the following heads:

1. Is the Company's "Rate Base" upon which it is entitled to earn a "fair return" excessive?
2. Are the Company's "Operating Expenses" fair and reasonable?
3. Are the amounts annually taken from Earnings in the way of a "Depreciation Allowance" too great or too small to meet the actual requirements of the Company?

4. Are the Company's charges for service in the Halifax Exchange area excessive, or discriminatory as between the various classes of users in that area, or as compared with the charges prevailing in the territory of the Company as a whole?
5. Is the "Measured Service" as applied to Business subscribers in the Halifax Exchange, a fair and reasonable method of charging for such service, or would a "Flat Rate" system of charging for this service be more satisfactory to the Community?

1. RATE BASE

I made a somewhat cursory inspection of the Company's investment in the City of Halifax in the time at my disposal, and would state that the plant and equipment appear to be modern in character, well maintained, and that the service being given appears to be reasonably satisfactory.

In this study I have not attempted to investigate the capital structure of the Company, as under your statutes the basis of determining the the Net Revenue to which the Company is entitled is the "fair value" of the "used and useful" plant involved in furnishing the service rather than its Outstanding Capitalization.

I understand that the statutes provide that this Company is entitled to earn an 8% return upon the value of its "used and useful" property, and that the Public Utilities Commission in interpreting the application of the statutes, has decided that such value (or Rate Base) is to be arrived at by determining the value of the "used and useful" property, and deducting therefrom whatever amount stands as an unexpended balance in the Reserve for Depreciation; the resulting figure being the "Rate Base" upon which the Company is entitled to the 8% return.

Incidentally, it may be mentioned that this 8% return represents the amount which the Company is supposed to have available to meet its Interest and Dividend requirements; but I understand that the Commission has ruled that the Amortization of Discount" on securities sold at less than par shall be charged against the "fair return", and this additional charge has amounted to something over \$10,000. during each of the last three years.

I also understand that the Company is required to charge all charitable contributions to the "Return".

In my opinion, both the foregoing items might more properly be charged to "Operating Expenses" rather than to the "Profit and Loss" account, as a part of the "fair return".

The "Rate Base" arrived at under the above described method appears to be a fair one from the rate payer's viewpoint, and is undoubtedly very much less than would result if determined upon the "Reproduction New less Observed Depreciation" basis, which is the one commonly used in the United States.

.....

2. OPERATING EXPENSES

The Operating Expenses do not appear to be excessive, and, figured upon the "per station basis", compare very favorably with those of other Telephone Companies operating in similar territories.

The only item which appears to be capable of any very material reduction is the one relating to "Operators' Wages". With the change over in Halifax to "Machine Switching Operation", this item should show a substantial decrease in the future, which saving will to some degree be offset by the increased "Maintenance"

and "Fixed Charges " on the greater investment in the new equipment, as well as by the increased wages to be paid to the manual operators, required by the Minimum Wage Board's recent order which became effective on August 1st of this year.

o o o

3. DEPRECIATION ALLOWANCE

The Company has been taking far more than was necessary as a "Depreciation Allowance", with the result that its "Net Earnings" have been greatly reduced, while the unexpended balance standing in the "Depreciation Reserve" has been built up to a very much higher figure than is necessary.

On December 31, 1930, the unexpended balance in this Reserve amounted to approximately 35% of the total Depreciable plant. In my opinion, this balance should not be allowed to greatly exceed 20%.

While this excessive annual charge for Depreciation has built up an excessive balance in the Reserve, it has not had the effect of working any hardship upon the subscribers, as under the method of arriving at the "Rate Base" upon which the Company is allowed its 8% return, the entire unexpended balance in the Depreciation Reserve has to be deducted from the total value of the "used and useful" plant; thereby materially reducing the "Rate Base" itself to a point much below what it would otherwise be.

An annual charge not to exceed 4½% of the Depreciable Plant should be amply sufficient to meet the requirements of this Company in the future. If this figure is used, a saving of something over \$50,000 per year will result, of which amount the Halifax Exchange should be credited with its fair proportion.

I understand that the Company applied to the Public Utilities Commission some time ago for permission to reduce this "Depreciation Allowance", but that no decision as yet has been handed down on the application.

.....

4. CHARGES FOR SERVICE IN HALIFAX EXCHANGE AREA

I have made a careful investigation of the operations in the Halifax Exchange area, and find that the resulting Net Earnings therefrom are not in excess of what the Company is entitled to receive, to yield an "8% return" upon the Net Value of the property involved, arrived at by the Public Utilities Commission's method of determining the same, nor do I find that there appears to be any undue discrimination as between the charges for the various classes of service supplied. The Private Branch Exchange Rates, as well as those for Residence Service, compare very favorably with those in effect in similar territories elsewhere.

In this connection it should be recalled that the Company in February of last year made a voluntary reduction in Measured Service charges and sundry other Rates, which, in my opinion, will result in a reduction in its Operating Revenues of approximately \$19,000. per year, a substantial portion of which will come from the Halifax Exchange.

Furthermore, the Minimum Wage Board, in its Order # 5, effective on August 1st of the current year, requires the Company to increase its Operators' Wage Schedules. It is estimated that these wage increases will amount to approximately \$30,000. per year, some portion of which will, of course, apply to the Halifax Exchange, as there will always be some Toll and Switching operators, even under the Machine

Switching operation.

.....

5. MEASURED SERVICE FOR BUSINESS SUBSCRIBERS

The Company has in effect a system of Measured Service for all Business subscribers in the Halifax Exchange, while all Residence subscribers are being supplied with service under Flat Rates; and your Committee has requested me to investigate and report upon the advisability of applying to the Public Utilities Commission for an order compelling the Company to abandon the Measured Service altogether and substitute a system of Flat Rates instead.

It is now the almost universal practice in the United States to serve all Business subscribers in cities of over 50,000 population by means of a Measured Service system of rates; while in the larger cities, the Measured Service applies to both Business and Residence subscribers.

So far as I can ascertain, Halifax and Saint John are the only cities in Canada where compulsory Measured Service for Business subscribers is in effect. This class of service, however, is universal for both Business and Residence subscribers throughout England, as well as pretty generally all over the continent of Europe.

There can be no question that Measured Service, under a properly balanced system of rates, is the fairest for all concerned, for then each customer is paying for exactly what he gets in the way of service; and the small user is enabled to receive service at a rate much lower than would otherwise be possible and one within his means to pay. Under a Flat Rate system of charges, all subscribers would pay the same rate, irrespective of the amount of their use of the service.

It must be conceded that this Company is entitled to receive sufficient in the way of Net Revenue from the City of Halifax to yield an 8% return upon the fair value of the used and useful property necessary to render the service, and the only question is as to the most equitable way of obtaining this revenue. It is, of course, apparent that in obtaining the Net Revenue under a Flat Rate system of charges, a very substantial number of customers would have their bills increased, with a corresponding reduction in the bills of a lesser number of the very large users.

To ascertain just what the effect would be upon the existing subscribers in Halifax, I requested the Company to make an analysis of the bills rendered to all Business subscribers in the City for the months of July and December of the year 1930, these two months being typical of use throughout the year.

As already stated, I am of the opinion that the total revenues being received from the Halifax Exchange area are not greatly, if any, in excess of what the Company is entitled to receive, and the question which concerns us is only as to the best and most equitable way of obtaining this amount of revenue.

Assuming that the total revenue received from the Halifax Exchange area in the year 1930 was not excessive, and that the existing rates applying to the Private Branch Exchange and Residence subscribers are fair and reasonable, I find that if the Business Individual line subscribers were to be served under a Flat Rate, it would be necessary to make such rate approximately \$6.25 per month, or \$75.00 per year.

The analysis of the July bills indicates that approximately 27% of the total Business subscribers in Halifax are paying only the "base rate" of \$3.00 per month (or \$36.00 per year) for their service; and that nearly 50% are paying less than the old Flat Rate in effect prior to the inauguration of Measured Service.

The average use by Measured Service Business subscribers during the month of July was 6 calls per day, resulting in an average bill for the month of \$5.60, which is equivalent to \$67.20 per year. The average use during the month of December was approximately 7 calls per day, resulting in an average bill of \$6.48, which is equivalent to \$77.76 per year.

Of course, it is fair to assume that if all Business phones were served upon a Flat Rate basis, the average use of the service would be considerably higher than at present, as is instanced in Saint John, where the average rate of calling of the Measured Rate customers is about the same as in Halifax, i.e., approximately 7 calls per day, as compared with approximately 10 calls per day from the "Limited Flat Rate" subscribers. The higher rate of calling entails added expense to the Company too, which of course would have to be reflected in higher rates.

Approximately 70% of the individual Business line subscribers in Halifax average less than 7 originating calls per day, while something over 30% exceed this average calling rate. In the month of July 47 subscribers averaged over 20 calls per day, the largest single user averaging over 61 originating calls per day.

The question is, then, as to whether it would be fair to compel these 27% of the total subscribers, whose use of the service is relatively small (approximately 2 calls per day), to pay a rate over double

what they are now paying, in order to reduce the burden on the large users who use from 30 to 70 calls per day. In my opinion, such a change cannot be justified from any viewpoint, and would unquestionably result in the removal of a large number of the smaller users' phones.

It is an axiom in the telephone business that the value of the service is almost directly proportioned to the number of subscribers connected to the system, and therefore any such radical change in the existing rate structure for Business phones would in my opinion result in a distinct loss in the value of the service to the community at large.

In Saint John, when the Measured Service schedule of rates for Business subscribers was approved by the Public Utilities Commission in 1924, an optional "Limited Flat Rate" of \$7.50 per month was offered to Business customers, such optional rate only applying to customers whose use should be less than 15 calls per day. It is interesting to observe that there are now relatively few of these optional Limited Flat Rate subscribers left, and I do not think such a rate in the City of Halifax would be worth considering at the present time.

.....

Your Committee requested me to look into the matter of the subsidiary or affiliated companies which are owned or controlled by the Maritime Company. The investment in these Companies forms no part of the "Rate Base" upon which the 8% return is required, but simply represents the investment of a portion of the Maritime Company's accrued surplus earnings in the shares of these outside Companies.

I have been informed that this investment in these outside Companies came about as follows:

In 1914, when an inventory and appraisal of the Company's property was made and submitted to the Public Utilities Commission, it was found that the Company owned considerable property which the Commission ruled as not being "used and useful" property for the purpose of supplying telephone service in the Province of Nova Scotia.

This property consisted of shares in the Telephone Company operating on Prince Edward Island, shares in some small telephone companies in the Province of Nova Scotia, and some Real Estate at one time occupied for Company purposes, but since vacated and not yet disposed of.

Since these various properties could not be included in the "Rate Base", it was decided to form a subsidiary company to hold them in order to keep the Telephone Company's books clear of any property other than that which was "used and useful" for the purpose of supplying telephone service in the Province of Nova Scotia, the stock of this subsidiary company being carried as an "Investment" on the books of the Company.

To this end a company was incorporated, known as the Eastern Telephone and Telegraph Company Limited, all of the shares of this Company being owned by the Maritime Company.

At a later date, I understand that the Telephone Company had great difficulty in getting its directories printed satisfactorily and within the time necessary to have the books published. The work could have been done in Saint John or Montreal, but the difficulty of revising copy at such distances was too great, and no printer could be found in Halifax who was willing to turn

over his shop to the getting out of directories within a reasonable length of time. It was decided, therefore, that the company should print the books itself, and to this end another company, known as the Eastern Electric and Supply Co/ was organized with a capital of \$25,000. This money was provided out of the Company's surplus, i.e., the legally acquired undivided profits belonging to the shareholders, but not distributed as Dividends.

The shares of the Eastern Electric and Supply Company were held by the Eastern Telephone and Telegraph Company, Limited, the actual book entry being that the Maritime Company subscribed for \$25,000 more of the Eastern Telephone and Telegraph Company's stock and that Company subscribed for all of the Eastern Electric and Supply Company's stock.

The Eastern Electric and Supply Company proceeded to install a printing plant, and got out the Company's directories. It was found that in between issues of the directories the plant was lying idle, and this in between time was utilized for printing the Company's stationery and forms.

At a later date, the Supply Company took over the repair and rebuilding of telephone equipment, such as switchboards, subscribers' sets, and other miscellaneous telephone equipment. Formerly this work was done by the Northern Electric Company in Montreal, which necessitated time and expense in shipping and re-shipping between Halifax and Montreal.

Some three years ago the American Telephone and Telegraph Company, Limited, desired to obtain a Canadian charter in order to enable it to construct the proposed trans-Atlantic telephone circuit through the Maritime Provinces, and negotiations resulted in the

the American Company, Limited. The agreement was that the charter of the latter Company was to be turned over to the American Company, but that no assets were to be acquired.

It then became necessary for the Maritime Company to find some other means to hold the assets of the Eastern Telephone and Telegraph Company, and to that end another company was formed, which is known as the Atlantic Utilities, Limited, to which was transferred all the assets of the Eastern Company.

The Eastern Company was an operating company in Prince Edward Island, and it therefore became necessary to incorporate a telephone company there, which is known as the Island Telephone Company to take over the existing telephone system formerly included as a part of the assets of the old Eastern Telephone and Telegraph Company, Limited.

The situation at the present time is substantially as follows:

The Atlantic Utilities, Limited, is practically a holding Company, all of its shares, except the Directors' qualifying shares, being held by the Maritime Company and carried on that Company's books under the head of "Investments".

The Atlantic Utilities owns all of the shares of the Eastern Electric and Supply Company and of the Island Telephone Company, as well as shares in some small telephone companies throughout the Province. In addition, it owns some parcels of Real Estate, including the building on Hollis Street where it conducts its business, the greater portion, however, being rented.

The Maritime Company's investment in the Atlantic Utilities represents the purchase of shares of stock out of surplus, and in no way represents the use of any moneys received from sale of its securities.

I am informed that the Atlantic Utilities has paid no dividends, due largely, I presume, to the fact that it requires money constantly to take care of the expansion of its own business.

The only one of these affiliated companies which has any direct relations with the Maritime Company at the present time is the Eastern Electric and Supply Company, which does the printing for the Maritime Company, and makes repairs of telephone apparatus and equipment as occasion demands. It also operates a garage in which the Telephone Company's motor cars are stored and maintained.

All printing is done at cost plus 5%, and the repairing of the telephone apparatus and equipment is likewise done at cost plus 5%.

It has been suggested that the Telephone Company may be making indirect profits by reason of excessive charges made to it by the Eastern Electric and Supply Company for the above services, but I am of the opinion that up to the present time, at least, it has been of decided advantage to the Telephone Company to have this work done locally by the Eastern Company and that, everything considered, it is cheaper than equivalent services could have been obtained for in the open market, and therefore is of some benefit rather than being a detriment to the subscribers.

.....

There is one other point which I feel should be considered in my general modification of the Maritime Company's rate structure, and this is the obsolete system in vogue of charging for the Local and Long Distance toll calls. In my opinion, this system should be done away with and replaced by the Standard Toll Rate Schedule in effect throughout the United States and all other parts of

By the substitution of this Standard Schedule, the subscribers will have the opportunity of obtaining either person-to -person or station-to-station service in the daytime, with very much lower rates for evening and night service; and the adoption of the Standard Schedule should result in substantial savings to such subscribers as make any considerable use of the service, and by the increased use of the toll plant should result in the Company itself not losing any appreciable amount of revenue.

S U M M A R Y

As a result of my examination of the Maritime Telephone & Telephone Company, I would say that on the whole this Company does not appear to be receiving any very excessive amounts in the way of Operating Revenues over what it is legally entitled to under the statutes.

The Rate Base upon which the 8% return is figured, in accordance with the rulings of your Public Utilities Commission, is undoubtedly lower than the base which would be obtained by making an entirely new Inventory and Appraisal and deducting therefrom the "Observed Depreciation". Consequently, the present method works out to the advantage of the subscribers, in so far as the rates for the service are concerned.

The Rate Structure as a whole appears to be a well-balanced one throughout the entire territory. The rates applying to the Halifax Exchange are likewise on the whole well balanced as between the various classes of users, the only question here being as to whether the Measured Service applying to the Business subscribers should not be abandoned and Flat Rates substituted therefor.

I feel that if this were done, it would result in a very considerable number of the small Business subscribers cancelling their service, with the result of lessening the value of the service not only to all the remaining subscribers in the Halifax Exchange itself, but also to the territory as a whole.

The Measured Service schedule of rates now in effect in the City of Halifax, so far as I am aware, is the lowest of any city of like size on the continent, and under this schedule it is possible for any Business subscriber to obtain a satisfactory telephone service at a cost within his means.

The Schedule of Rates applying to Halifax also provides "free Mileage" for all subscribers in the entire exchange area. It is the usual practice to charge "mileage" to all subscribers situated beyond one mile radius from the Central Office. In Halifax, however, it appears that approximately 23% of all Business subscribers and 40% of all Residence subscribers are situated beyond this one mile radius, and are receiving their service without being compelled to pay any "mileage charges".

I feel that I can make one recommendation, however, which should prove of advantage to a considerable number of the Business subscribers without seriously effecting the Revenues of the Company. The present Schedule of Rates applying to Business service in Halifax is as follows:

Base Rate-	60 calls		\$3.00 per month
Next.	100 "	@	3¢
"	600 "	@	2¢
All over	760 "	@	1½¢

It strikes me that the block of calls at 2¢ is much larger than necessary and can be materially reduced without serious hardship to the Company. I would,

therefore, suggest that the present Schedule be modified as follows:

Base Rate	60 calls	\$3.00 per month
Next.	100 "	3¢
"	340 "	2¢
All over	500 "	1¢ 1/2

If the above suggested modification is made, it will result in a reduction in the bills of a very considerable number of the business subscribers.

The Company will probably oppose this suggestion on the ground that the present revenue is insufficient and that it is confronted with additional operating costs due to the increase in wages brought about by the recent order of the Minimum Wage Board; as well as the shrinkage in revenue resulting from the voluntary reduction in rates which became effective in February of last year.

I have in mind, however, the thought that any reasonable reduction in the cost of service rendered by any Public Utility invariably leads to a greater use of the service, and it should prove to be distinctly to the advantage of this Company to agree to some further reduction in the rates charged for excess Measured Service calls, in the expectation that increased use will shortly make up the temporary loss in revenue.

In the same way the change over of the existing Toll Schedule to the Standard Schedule might possibly result in a temporary loss in Toll revenue, but I feel certain that in a very short time the increased use and the greater satisfaction with the service under the Standard Schedule would more than offset any temporary losses.

It will be observed that I have not burdened this report with a mass of figures and statistics, since the same would prove of no practical value, as I understand your Committee simply wished me to investigate and report upon the advisability of applying to the Public Utilities Commission for a complete and full investigation of the Company's operations.

I do not feel, as a result of my study, that the City would be warranted at this time in going to the expense of a long drawn out Rate case, with the uncertainty as to its final outcome.

The Company is not earning very much, if anything, in excess of what the statutes allow, and if it will agree to the suggestions contained in this report, I feel that your Committee will have accomplished some good and as time goes on, be able to obtain still further reductions in rates.

..
.....

In closing, I would state that the Company gave me free access to all their books, reports, and records, and assisted in every possible way in making this investigation.

Respectfully submitted,
Samuel H. Mildram
PUBLIC UTILITY CONSULTANT.

✓
November 12th, 1931.

AVON RIVER POWER COMPANY MERGER

Read report of the special Committee on Public Utilities recommending that an expert or experts satisfactory to the Committee be employed to assist Mr. L. A. Lovett, K.C. in his investigation before the Public Utilities Board with reference to the merger of the Nova Scotia Light and Power Company Limited, the Avon River Power Co., and other outside companies.

Halifax, N.S.
November 4th, 1931.

To His Worship the Mayor and
Members of the City Council.

Gentlemen:-

At a meeting of the Public Utility Committee held this day Mr. L. A. Lovett, K.C. was present and explained to the Committee the City's position in connection with the proposed merger of various power Companies with the Nova Scotia Light and Power Company, Limited. ✓

Mr. Lovett advised the Committee that it was necessary to obtain a public utility expert to assist him in his investigation.

It was decided to recommend to Council that an expert be employed by the City to assist Mr. Lovett.

It was further decided to recommend to Council that some expert or experts satisfactory to the Committee be employed.

Yours faithfully,

Russell McInnes
CHAIRMAN.

Moved by Alderman McInnes, seconded by Alderman Shields that the report be adopted. Motion passed. Alderman O'Toole dissenting.

CITY HOME-TENDERS FOR VEGETABLES

Read report of the Charities Committee covering tenders for potatoes and turnips.

November 12th, 1931.

Halifax, N.S. Nov. 5th, 1931.

His Worship the Mayor,
and Members of City Council.

Gentlemen:-

The Charities Committee met this day and beg to submit the following report.

MEMBERS PRESENT:- The Chairman, Aldermen Minshull, Probert, Redmond and O'Malley.

TENDER FOR POTATOES AND TURNIPS

After duly advertising for potatoes and turnips there was only one tender received, as follows:

NICKERSON & CREASE LTD.

Potatoes, White Cobblers.....@ .36¢ per bus.
Turnips.....@ .36¢ " "

This tender is recommended for acceptance.

Respectfully submitted,

W. E. G. Shields,
CHAIRMAN.

Moved by Alderman Shields, seconded by

Alderman Minshull that the report be adopted. Motion passed. ✓

J. H. Buchanan

RENOVATION OF THE CITY HALL
REMOVAL OF FIRE ALARM EQUIPMENT

Read report of the Special Committee on renovation of the City Hall.

Committee Room,
City Hall,
November 6th, 1931.

To His Worship the Mayor, and
Members of the City Council.

Gentlemen:-

At a meeting of the Special Committee appointed to consider the Renovation of the City Hall, held this day, the following resolution was adopted.

"RESOLVED that the removal of the Fire Alarm Telegraph headquarters equipment to a New building to be erected at the City Field at an approximate cost of \$30,000., be proceeded with at once and that the City Engineer be instructed to prepare plans and specifications for same".

Respectfully submitted,
G. McL. Daley,
CHAIRMAN.

November 12th, 1931.

Moved by Alderman Daley, seconded by Alderman Thompson that the said report be referred back to the Special Committee for further consideration.
Motion passed.

*led Daley
Clark*

CITY HOME AND T.B. HOSPITAL MONTHLY REPORT

Read report of the Charities Committee for the month of October showing the number of inmates in the City Home 397, and the number of patients in the T.B. Hospital to be 56.

FILED

LEGISLATION-AMENDMENT TO CITY CHARTER

Read report of the Finance Committee covering a report of the City Auditor recommending that Section 341 of the Charter, being the section relative to investments which the trustees of the Sinking Fund may acquire be amended.

November 3rd, 1931.

The Chairman,
The Finance Committee.

Dear Sir:

I would like to submit the suggestion that Section 341 of the City Charter, being the section relating to the investments which the trustees of the sinking funds may acquire, be amended so that the trustees may purchase the short term debentures of the City of Halifax.

Because of the fact that this particular type of investment matures by instalments within a period of from five to ten years, it makes it a desirable holding for the sinking funds, and by amending the law, as suggested, the sinking funds could then become purchasers of these debentures to the complete avoidance of any underwriting costs. This is particularly true of the present time when the difficulty of borrowing money at moderate rates of interest is apparent. In a short time we will be issuing in excess of \$70,000 in short term debentures, and it seems to me that these debentures could be obtained by the trustees on a 5% basis and represent a first class investment.

November 12th, 1931.

With Sinking Funds in excess of \$3000,000.00 and growing at the rapid rate of one-third million dollars a year, there is nothing objectional to buying these debentures from time to time as current yields, up to an amount of \$200,000.00 .

While dealing with this suggestion, I think Section 343 should be repealed. This is a section which prohibits the trustees from paying a price in excess of par for any of the City Debt. This is an obsolete idea as the trustees are never concerned with the par of any investment but only with the yield. *JKR*

I have discussed this matter with the Solicitor and Treasurer who both agree that the plan is a good one.

Yours truly,

A. M. Butler,
CITY AUDITOR.

Committee Room,
City Hall,
Nov. 10th, 1931.

His Worship the Mayor,
and Members of City Council.

Gentlemen:

At a meeting of the Finance Committee held this day the attached letter of the City Auditor suggesting that Section 341 of the City Charter being the section relating to investments which the Trustees of the Sinking Funds may acquire.

Your Committee recommend that the suggestions offered in the letter of the City Auditor be approved and the City Solicitor instructed to draft legislation to amend the Charter accordingly.

Respectfully submitted,

H. J. Stech,
CHAIRMAN.

Moved by Alderman Stech, seconded by Alderman MoInnes that the report be adopted. Motion passed.

*Solicitor
Auditor*

✓
TAX COLLECTIONS AUGUST 1931

Read report of the Finance Committee on the City Auditor's statement of taxes and other collections for the month of August 1931 referred to the Committee for consideration and report.

November 12th, 1931.

Committee Room,
City Hall,
Nov. 9th, 1931.

His Worship the Mayor,
and Members of City Council.

Gentlemen:

At a meeting of the Finance Committee held this day the City Auditor submitted the attached report covering the details of the statement of Tax Collections for the month of August.

It is recommended that the report and statement be filed.

Respectfully submitted,

H. J. Stech,
CHAIRMAN.

Moved by Alderman McInnes, seconded by Alderman Stech that the report be adopted. Motion passed.

TAX COLLECTIONS - OCTOBER 1931

Read report of the City Auditor covering statement of taxes and other collections for the month of October 1931.

FILED

CONSOLIDATED BALANCE SHEET

Finance Committee
Read report of the City Auditor covering consolidated balance sheet as at April 30th, 1931.

Committee Room, City Hall,
November 9th, 1931.

His Worship the Mayor,
and Members of City Council.

Gentlemen:

At a meeting of the Finance Committee held this day it was recommended that the report of the City Auditor covering the Consolidated Balance Sheet for the Civic Year ending April 30th, 1931 be approved.

Respectfully submitted,

H. J. Stech,
CHAIRMAN.

November 12th, 1931.

Moved by Alderman Stech, seconded by
Alderman McInnes that the report be adopted.

Motion passed.

10.15 o'clock.

Moved by Alderman Mitchell, seconded
by Alderman Smeltzer that this meeting do now adjourn.

Motion passed.

LIST OF HEADLINES

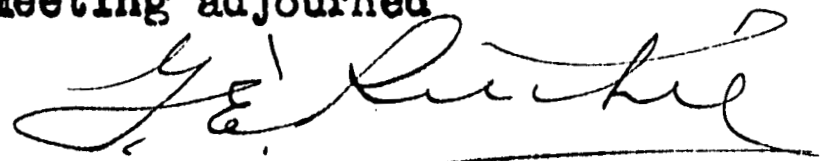
Halifax Harbour Championship	312
Notice of Reconsideration	312
Cornwallis Cup	313
Notice of Action	315
Remembrance Service	315
Avon River Power Merger	315
Conditions at County Jail, Report of Grand Jury	316
Works Department Accounts	318
Works & Water Depts-Accounts October 1931	318
General Accounts	319
City Home and T.B. Hospital Accounts	319
Fire Department Accounts	320
Police Department Accounts	321
City Prison Accounts	321
City Health Board Accounts	322
Garden Parks and Common Accounts	323
Garden Parks and Common Account for Trees	323
Library Accounts	324
Halifax Relief Commission, Assessment of Property	324
Provincial Exhibition Loan \$50,000.00	326
Provincial Exhibition Commission, Claim M.MOF Hall	327
Surety Bond of Officials	328
Pre Lien Tax Arrears	329
Appointment of Assistant City Collector	330
Resignation of Miss Bertha M. Reid	331
Maritime Paper Products Company Limited, Assessment	332
Sidewalks, Water, Hollis and Buckingham Streets	333
Sidewalk Buckingham Street	334
Sidewalk Grafton Street	335
Sidewalk Compton Avenue	335
Sidewalk Oxford Street	336
Water Meter Bills	337
Water Extension Leppert Street	338
Grading and Acceptance Flinn Street	339
Halifax Infirmary- Tunnel Dundonald Street	340
Unemployment Relief	341
Building Act-Inspection of Theatres	342
Crushed Stone Contract	343
Works Department-Repairs to Incinerator	344
Works Department-Heating City Work Shops	344
Police Department Matters	345
Public Gardens-Green House, Heating System	349
Business Telephone Rates	350
Avon River Power Company Merger	371

November 12th, 1931.

Headlines (Continued)

City Home-Tenders for Vegetables	371
Renovation of the City Hall	372
City Home and T.B. Hospital Monthly Report	373
Legislation Amendment to City Charter	373
Tax Collections August 1931	374
Tax Collections October 1931	375
Consolidated Balance Sheet	375

Meeting adjourned



G. E. Ritchie
MAYOR



H. S. Rhind
CITY CLERK.

S P E C I A L M E E T I N G

AFTERNOON SESSION

5.10 o'clock,
Council Chamber,
City Hall,
November 30th, 1931.

A meeting of the City Council was held this afternoon, at the above named hour there were present His Worship the Mayor and Aldermen Mitchell, Minshull, Stech, Donovan, Redmond, Daley, McInnes, Conn, Logan, McDonald, Shields, Thompson, O'Malley, Smeltzer.

The meeting was called specially to consider a report of the Public Utilities Committee in re N. S. Light and Power Co., Ltd., rates.

✓
N. S. LIGHT AND POWER CO., LTD., RATES.

Read report of the Public Utilities Committee covering letter of Mr. L. A. Lovett, K.C. recommending that a complaint be lodged with the Board of Commissioners of Public Utilities that the present schedule of rates and charges for electrical energy in the City is unreasonable and/or excessive, and request reduction of such rates.

Halifax, N.S.
Twenty fifty November 1931.

Dear Sir:

Re: Public Utilities Inquiry

I think it is my duty to draw the attention of the City to certain results which have followed my investigations in connection with the Nova Scotia Light & Power Limited up to the present time, so that the City will have an opportunity of dealing with the situation as it deems best.

Enclosed herewith you will find two tabulated statements, each showing the percentage earned by Nova Scotia Light & Power Company Limited in connection with the electric light and power department of that Company. One of the statements is made up on the basis of the depreciation on the fixed capital installed being three percent, which appears to be the rate which the Company had adopted, and the other is

November 30th, 1931.

made up on the basis of depreciation at two and a half percent, which appears to be the rate which the Board of Public Utilities usually allows. On either basis you will note that the net earnings have since 1925 been very largely in excess of the earnings to which the Company is entitled under the Statute, namely eight percent. You will also note that in 1928 and 1929 the earnings were getting very close to double the statutory amount. The earnings in 1930 were less than 1928 and 1929 because the Company made application to the Board of Public Utilities in 1929 for a reduction of rates, but as the application of 1929 was not made until November 27th, the Board was unable to really investigate the position of the Company, as to how much reduction should have been made, and approved of the reduction proposed without such investigation, so that the reduction would become effective on the first day of January 1930, and the Board in its Decision states:

"the application is based upon an analysis of
"the consumption by all the customers of the
"electrical department of the Company for the
"twelve months period ended March 31st, last
"and took months to prepare. It was only filed
"with the Board on November 27th last, and it is
"proposed that the changes in rates, for which
"the approval of the Board is asked, shall
"become effective on and after the first proximo.

"With the various other matters pending before
"the Board, it is out of the question that any
"close and detailed study can be made of the
"many points which call for consideration in
"proceedings such as this, if the customers of
"the electrical department of the Company are to
"have the benefit on and after the first
"proximo, of the rate reductions proposed
"herein. In the time available to it, the Board
"has been unable to do much more than satisfy
"itself that the rates as proposed for
"alternating current service, constitute a well
"balanced schedule, free from discrimination.
"The rates for direct current power service
"(wholesale) which affects only the tramway
"department as a customer, calls for more
"consideration than the Board has so far been
"able to give to it. Nor has there been
"reasonable opportunity of studying the additions
"to the plant of the Company or its operating
"expenses.

"Appreciating the desire of the Company to pass
"on to its customers, at the first of the year,
"the substantial reduction in rates which the
"schedule under review herein offers to them, it
"has been decided, upon the condition named
"below, to approve all rates, except the
"wholesale direct current power rate which will
"be reserved.

"The schedule of regulations attached hereto will
"also be approved.

November 30th, 1931.

"The condition referred to is that the
"Company shall file its consent to the Board
"retaining, jurisdiction over this application
"with a view to completing such study and
"inquiry as it may see fit to make and also
"for the purpose of issuing such further or
"other order as its findings may justify.

"An order may issue in accordance with the
"foregoing.

(See Public Utilities Report of 1929, Page
92, at Pages 93 and 94)

You will note from the enclosed statements that the Company after the reductions, earned for the year 1930, 11.4% and therefore the reductions do not appear to have been as much as they should have been.

The two statements sent you represent a very great deal of work and research of my part, as the Company did not apparently follow the rules and regulations of the Board in connection with the Annual Reports and refused to give me statements showing the earnings of each separate department in accordance with the decisions of the Board made in 1923 and 1924. I have had the enclosed statements checked by Mr. Ira P. McNab the expert acting for the City in connection with this Inquiry, and previous to Mr. McNab being retained, I submitted the basis on which I proposed to make up the statements, to Mr. Hayes, the Manager of the Company so that he could make any objections he thought advisable. The Company's contention apparently is that the Department should not be separated so far as taxes and depreciation are concerned, and that the Company is entitled to earn eight percent on the combined departments. These same contentions were made in 1923 and 1924 before the Board of Public Utilities and were not upheld, as you will note from another enclosure herewith dealing with this question of separation of departments.

It is self evident from the statements enclosed that the City and citizens of Halifax who are light and power consumers are entitled to a reduction in rates at the present time, as the statements are based on the assumption that the Company's own figures representing operating expenses are correct and also that the net increase to plant are proper additions etc. In an investigation, all the items entering into operating expenses and increase of plant would of course be subject to inquiry, and might be reduced, which would result in the net earnings being larger than they appear on the statements.

It is for the City to decide whether at this stage it should lodge with the Board a complaint that the present schedule of rates and charges are unreasonable and/or excessive, and request a reduction in rates.

The Hearing in connection with the proposed merger of Companies was adjourned until December 2nd 1931 and if the City proposes to lodge a complaint based on

November 30th, 1931.

the situation existing before the Mergers, it should do so before December 2nd.

Awaiting your instructions, I am,

Yours truly,

L. A. Lovett.

Russell McInnes, Esq.,
Barrister,
Hollis Street,
Halifax, N. S.

SUMMARY OF SCHEDULES.

The various schedules attached to the foregoing letter show that the Electrical Department of the Nova Scotia Light and Power Company, Limited after deduction of the operating expenses, uncollectable bills, taxes and depreciation at 2½% (which is the rate allowed by the Board) earned the following amounts:-

1924	140,333.72,	equivalent to 7%
1925	185,388.17,	" 9.5%
1926	218,800.47	" 11.4%
1927	215,113.37	" 11.1%
1928	274,985.90	" 14.2%
1929	323,917.42	" 15.1%
1930	256,322.07	" 11.4%.

Halifax, N. S.,
November 30th, 1931.

His Worship the Mayor
and Members of the City Council.

Gentlemen:

1. At a meeting of the Public Utilities Committee held this day the attached letter from Mr. L. A. Lovett, K.C., was read and considered.

It was resolved to submit the opinion of Mr. Lovett to Council for its consideration and necessary action.

The Committee recommends that the Council instruct Mr. Lovett to lodge a complaint with the Board of Commissioners of Public Utilities that the present schedule of rates and charges for electrical energy in the City is unreasonable and /or excessive, and request a reduction of such rates.

November 30th, 1931.

2. The Committee further recommends that the matters disclosed by Mr. Lovett's opinion be submitted to the Legislature at its next session, for the purpose of obtaining for the electric light users of the City the return of the excess earned by the electrical department of the Nova Scotia Light and Power Company, Limited, and to obtain legislation to prevent a similar occurrence in the future.

Respectfully submitted,

Russell McInnes,
CHAIRMAN.

Moved by Alderman McInnes, seconded by Alderman Shields that the report be divided in two parts, and that the first part "dealing with the matter of lodging complaint with the Board of Commissioners of Public Utilities" be adopted. Motion passed.

Moved by Alderman Daley, seconded by Alderman Thompson that the second part of the report be referred back to the Committee for further consideration. Motion passed.

The following resolution was submitted:

"Resolved that Mr. L. A. Lovett, K.C. be instructed to file with the Board of Commissioners of Public Utilities a petition in the form attached hereto or any similar form satisfactory to him for the purpose of obtaining a reduction of the rates charged for the electrical energy in the City".

Moved by Alderman McInnes, seconded by Alderman Stech and passed.

✓
BUSINESS TELEPHONE RATES

ACCOUNT OF SAMUEL H. MILDRAH.

Read letter of City Auditor in re account of Samuel H. Mildram, Public Utilities Consultant of Boston, for service rendered in connection with the investigation and report on the affairs of the Maritime Telegraph and Telephone Co., Ltd.

November 30th, 1931.

November 30th, 1931.

His Worship the Mayor and
Members of Council.

Gentlemen: -

For your information I wish to advise payment of the account rendered by Samuel H. Mildram, Public Utility Consultant of Boston, amounting to \$500.00 for professional services, \$291.49 for expenses. In all a total of \$791.49.

This expenditure was authorized by the Council at its meeting July 16th last, when a vote of \$1,500.00 was granted for the purpose of an investigation and report on the affairs of the Maritime Telegraph and Telephone Co., Ltd.

Yours very truly,

A. M. Butler,
CITY AUDITOR.

FILED

Moved by Alderman Mitchell, seconded by
Alderman Donovan that this meeting do now adjourn.


Motion passed.

LIST OF HEADLINES.

N. S. Light and Power Co., Ltd., Rates	378
Business Telephone Rates, Account of Samuel H. Mildram	382

Meeting adjourned,


George E. Ritchie,
MAYOR.


H. S. Rhind,
CITY CLERK.

✓
S P E C I A L M E E T I N G

AFTERNOON SESSION

5.10 o'clock,
Council Chamber,
City Hall,
December 3rd, 1931.

A meeting of the City Council was held this afternoon. At the above named hour there were present His Worship the Mayor and Aldermen Mitchell, Minshull, Stech, Donovan, Redmond, Daley, McInnes, Conn, Logan, Golden, McDonald, Shields, O'Toole, Thompson, C'Malley, Probert, Smeltzer and Adams.

The meeting was called specially to deal with the following matters:

1. Report Committee on Works re tenders for Quinpool Road improvement.
2. Report Special Committee appointed September 17th, 1931 re establishing a proper unemployment relief office.
3. Report Finance Committee re refund to the widow of the late Jeremiah Barnstead.
4. Report Finance Committee re refund of super-annuation assessments to William Betts, former fireman.

✓
TENDERS: FOR QUINPOOL ROAD IMPROVEMENT.

Read report of the Committee on Works covering tenders for improvement of Quinpool Road from the Arm Bridge southwardly.

December 3rd, 1931.

The City Council,

Gentlemen:-

At a meeting of the Committee on Works held this day, tenders for the improvement of Quinpool Road from the Arm Bridge southwardly were received and opened as follows:-

O. A. Hubley -	\$18,130.52	Deduct if Iron railing not built,	\$3,205.60
Thomas S. Stephen	18,830.00	Deduct if Iron railing not built,	\$3,550.00
A. S. MacMillan	23,950.00	Deduct if Iron railing not built,	\$3,400.00

December 3rd, 1931.

Ernest Bianco - \$27,850.00 Deduct if Iron railing not
built, \$3,030.00
Standard Paving
N. S. Ltd.- 39,485.00 Deduct if Iron railing not
built, \$3,905.00

The Committee decided that a stone wall with concrete coping be substituted for the iron railing specified and that the City Engineer obtain tenders for this from the two lowest bidders, and report back to the Committee at a meeting to be held at 4.55 p.m., this afternoon. At the adjourned meeting held in the Mayor's office at 4.55, tenders were opened with the following result:-

Thomas S. Stephen - \$16,574.00

O. A. Hubley - 16,924.92

The Committee recommend to the Council that the tender of Thomas F. Stephen be accepted and the contract be awarded to him.

G. E. Ritchie,
MAYOR AND CHAIRMAN.

Moved by Alderman Mitchell, seconded by Alderman Conn that the report be adopted, and that the tender of Thomas S. Stevens \$16,574.00 be accepted.

Engineer Motion passed. ✓

UNEMPLOYMENT RELIEF OFFICE

Read report of the Finance Committee re opening an unemployment relief office.

Committee Room, City Hall,
November 30th, 1931.

His Worship the Mayor,
and Members of City Council.

Gentlemen:-

At a meeting of the Finance Committee held this day the Committee had under consideration a verbal report of the special Committee appointed September 17th, 1931 to consider the advisability of opening a proper unemployment relief office in the City Hall.

The special Committee after making a full inquiry into the best method of handling this matter found that it would not be advisable to open an office for this purpose, but that the City should make a grant to the Welfare Bureau and that the work be done through that organization.

A sum not to exceed \$1,000.00 is suggested. This would provide for extra clerical help during the emergency.

December 3rd, 1931.

Your Committee recommend that the report of the special Committee be concurred in, and that a sum not to exceed \$1,000.00 be taken out of the appropriation of \$25,000.00 provided for unemployment relief.

Respectfully submitted,

H. J. Stech,
CHAIRMAN.

Moved by Alderman Stech, seconded by Alderman McInnes that the report be adopted, subject to the ruling of the City Solicitor that the amount required can be legally taken from the appropriation of \$25,000.00 provided for unemployment relief. Motion put and passed. 15 voting for the same and 3 against it as follows:

*Solicitor
and
Eng...*

Council Chamber,
City Hall.
AGAINST IT

FOR THE AMENDMENT

- Aldermen Mitchell
- Minshull
- Stech
- Donovan
- Redmond
- Daley
- McInnes
- Conn
- Logan
- Golden
- McDonald
- Shields
- Probert
- Smeltzer

- O'Toole
- O'Malley
- Thompson

Adams - 15 -

- 3 -

REFUND SUPERANNUATION ASSESSMENTS LATE J. BARNSTEAD

Read report of the Finance Committee on the application of the widow of the late Jeremiah Barnstead,

December 3rd, 1931.

a meter reader of the Water Department for a refund of the amount he had contributed to the officials superannuation fund during his life time, and covering report of the City Treasurer showing the amount paid into the fund by the deceased.

November 27th, 1931 .

City Treasurer,

CITY.

Dear Sir:-

The late J. Barnstead, Meter Reader in the Water Department has paid into the Superannuation Fund since its inception and under Section 150 of the City Charter, his wife, who survives him, is entitled to receive from the fund in one payment an amount equal to the total contributions. I understand these have been \$973.80.

Would you please interest yourself in the matter so that this money may be paid to the widow at the earliest possible date.

Yours faithfully,

H. W. Johnston,
CITY ENGINEER.

November 27th, 1931.

The Chairman,
Finance Committee,
CITY HALL.

Re: Late Jeremiah Barnstead.

Dear Sir:-

I beg to advise that the late Mr. Barnstead ^{JSR} paid into the Superannuation Fund the sum of ~~\$973.80~~ \$1033.80 and under Sections 142 (2) and 150 of the City Charter his widow is entitled to the return of same without interest.

Yours faithfully,

R. V. Dimock,
CITY TREASURER.

Committee Room, City Hall,
November 30 th, 1931.

His Worship the Mayor,

and Members of City Council.

Gentlemen:-

At a meeting of the Finance Committee held this day, the attached report of the City Treasurer on the application of the widow of the late Jeremiah Barnstead,

December 3rd, 1931.

meter reader of the Water Department for a refund of the amount her late husband had contributed to the official superannuation fund during his life time was read and considered.

Your Committee recommend that the trustees of the fund be authorized to pay to the widow of the late Mr. Barnstead the sum of ~~\$1033.50~~ ^{1933.50} being the total of his contributions to the fund during his term of service. H.S.A.

Respectfully submitted,

H. J. Stech,
CHAIRMAN.

Moved by Alderman Stech, seconded by Alderman

McInnes McInnes that the report be adopted. Motion passed.

REFUND SUPERANNUATION ASSESSMENTS WM. BETTS.

Read report of the Finance Committee on the application of William Betts for a refund of the amount he is entitled to receive from the Firemans' superannuation fund, his services having been dispensed with by the Department; also covering report of the City Treasurer showing amount contributed to the fund during his term of service.

Nov. 18th, 1931.

Mr. R. V. Dimock,
City Treasurer,
CITY.

Dear Sir:-

The attached is a list of contributions to the Firemen's Superannuation Fund paid by Hoseman Wm. Betts who was discharged from the Department on November the 10th.

The City Charter provides that he receive one half of amount paid in.

Yours very truly,

J. W. Churchill,
CHIEF OF DEPARTMENT.

November 19th, 1931.

The Chairman,
Finance Committee,
CITY HALL.

Dear Sir: - IN RE: FIREMEN'S SUPERAUNATION -
WM. BETTS.

I beg to advise that the above party has paid

December 3rd, 1931.

in to the Firemen's Superannuation Fund the sum of (\$634.78) Six hundred and thirty-four -78/100 Dollars and under Section §69 (1) and §63 (2) of the City Charter is entitled to the return of one-half this amount without interest, viz:-(\$317.39) Three Hundred and seventeen 39/100 Dollars.

Yours faithfully,

R. V. Dimock,
CITY TREASURER.

Committee Room, City Hall,
November 30th, 1931.

His Worship the Mayor,
and Members of City Council.

Gentlemen:-

At a meeting of the Finance Committee held this day, the attached report of the City Treasurer on the application of Wm. Betts, a fireman who was discharged from the Department on November 10th last, for a refund of the amount he is entitled to receive from the Firemen's superannuation fund was under consideration.

Your Committee recommend that the trustees of the fund be authorized to pay to Mr. Betts the sum of \$317.39 being one-half of his contributions to the fund during his term of service.

Respectfully submitted,

H. J. Stech
CHAIRMAN.

Moved by Alderman Stech, seconded by

Treasurer
Alderman Mitchell that the report be adopted, Motion passed.

5.50 o'clock p.m.

Moved by Alderman Mitchell, seconded by

Alderman Donovan that this meeting do now adjourn.

Motion passed. Meeting adjourned.

LIST OF HEADLINES

Tenders: For Quinpool Road Improvement	384
Unemployment Relief Office	385
Refund Superannuation Assessments Late J. Barnstead	386
Refund Superannuation Assessments Wm. Betts.	388

H. S. Rhind
H. S. Rhind
CITY CLERK.

George E. Ritchie
MAYOR.